

## Message Text

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ACTION EB-08

INFO OCT-01 ISO-00 IO-13 OIC-02 AF-10 ARA-10 EA-10  
EUR-12 NEA-10 AGRE-00 CEA-01 CIAE-00 COME-00  
DODE-00 FRB-03 H-01 INR-07 INT-05 L-03 LAB-04  
NSAE-00 NSC-05 PA-01 AID-05 SS-15 STR-04 ITC-01  
TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01 /141 W  
-----129808 311413Z /46

P 311346Z AUG 77

FM AMEMBASSY NAIROBI

TO SECSTATE WASHDC PRIORITY 958

INFO AMEMBASSY BRASILIA PRIORITY

AMEMBASSY BRUSSELS PRIORITY

AMEMBASSY BUENOS AIRES PRIORITY

AMEMBASSY CANBERRA PRIORITY

USMISSION GENEVA PRIORITY

AMEMBASSY LONDON PRIORITY

AMEMBASSY MANILA PRIORITY

AMEMBASSY OTTAWA PRIORITY

AMEMBASSY PRETORIA PRIORITY

AMCONSUL RIO DE JANEIRO PRIORITY

AMEMBASSY SANTO DOMINGO PRIORITY

AMCONSUL SAO PAULO PRIORITY

AMEMBASSY TOKYO PRIORITY

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USEC

E. O. 11652: N/A

TAGS: EPAP, ETRD, XX

SUBJ: SUGAR - BRAZILIAN VIEWS ON FORTHCOMING SUGAR  
NEGOTIATIONS

1. USREP TO INTERNATIONAL COFFEE ORGANIZATION MEETING NOW  
IN PROGRESS IN NAIROBI HAD LONG CONVERSATION ON SUGAR WITH  
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BRAZIL ICO EXECUTIVE BOARD ALTERNATE JORIO D A U S T E R  
MARGALHAES E SILVA, ON SEPTEMBER 29. DAUSTER APPEARED TO  
EXPECT CONVERSATION TO BE REPORTED.

2. MAJOR POINTS DISCUSSED WERE:

(A) OUTLOOK FOR SEPTEMBER NEGOTIATION: BRAZIL IS

BASICALLY OPTIMISTIC; IT FEELS CONTINUING LOW PRICES FOR SUGAR WILL MAKE CUBANS MORE AMENABLE SINCE CUBANS, IN CONTRAST TO BRAZIL, CLEARLY NEED NEW AGREEMENT FOR HARD CURRENCY EARNINGS. HE SAID HE EXPECTED THE NEGOTIATION WOULD NOT BE PARTICULARLY EASY, WITH FINAL PACKAGE PUT TOGETHER ONLY AT ELEVENTH HOUR AND DETAILS LEFT FOR OTHERS TO TIDY UP. MAJOR TIME CONSUMERS WOULD BE QUOTA DISTRIBUTION AND ROLE FOR SMALL PRODUCERS IN NEW ISA.

(B) SPECIAL ARRANGEMENTS: BRAZIL FEELS THAT AUSTRALIANS HAVE WEAKENED IN RESOLVE FOR "TRANSPARENCY" AND THAT CURRENT U.S. POSITION IS FAR FROM CLEAR. BRAZIL CONTINUES TO THINK ISSUE IS IMPORTANT BUT IS NOT WILLING TO TAKE ON CUBANS ALONE. EITHER APPARENT UNITY OF U.S., BRAZIL, AND AUSTRALIA ON ISSUE IS AGAIN PUT TOGETHER OR BRAZIL WILL DROP IT.

(C) MARKET DISTRIBUTION: BRAZIL IS VERY WORRIED ABOUT SUGGESTIONS CONFERENCE CHAIRMAN JONES-PARRY MAY PUT FORWARD. THEY FEAR JONES-PARRY WILL BUCKLE UNDER CUBAN PRESSURE AND COME UP WITH SOMETHING TOTALLY UNACCEPTABLE TO BRAZIL. DAUSTER NOTED MORE THAN ONCE HIS BELIEF THAT SINCE RAFFAELLI WOULD NOT BE ON DELEGATION, BRAZIL WOULD HAVE NO ONE WHO COULD APPROACH JONES-PARRY ON A PERSONAL BASIS. HE SAID THAT RAFFAELLI'S REPLACEMENT IN LONDON, JOSE RACHE, HAD CALLED ON JONES-PARRY BUT HAD GOTTEN NOWHERE IN ATTEMPTING TO EXPLAIN BRAZIL'S CONCERNS AND ELICIT ASSURANCES (JONES-PARRY LIMITED OFFICIAL USE

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REFUSED TO GIVE ANY HINT OF WHERE HE WAS LIKELY TO COME OUT). DAUSTER SEEMED TO BE SAYING THAT BRAZIL WOULD RELY ON U.S. DEL'S RAPPORT WITH JONES-PARRY TO REPRESENT THEIR INTERESTS IN GETTING "REALISTIC" QUOTA DISTRIBUTION PROPOSALS PUT FORWARD.

(D) U.S. PROPOSED SCHEDULE: DAUSTER REITERATED BRAZILIAN VIEW THAT U.S. HOPE TO SETTLE QUOTA DISTRIBUTION IN FIRST WEEK IS UNREALISTIC. HE THOUGHT, HOWEVER, STOCKS ISSUE SHOULD BE SETTLED WITHIN FIRST "COUPLE OF DAYS."

(E) LAST GENEVA MEETING: DAUSTER, LESS THAN CONVINCINGLY, CLAIMED BRAZIL BACKED AWAY FROM COMPROMISE DURING LAST DAYS BECAUSE OF LACK OF A CLEAR SIGN OF WILLINGNESS ON THE PART OF THE U.S. TO COMPROMISE ON A LOWER STOCK FIGURE AND LACK OF SUPPORT IN THE PRODUCER CAUCUS. NOTING THAT AUSTRALIA FEELS SELF-CONSCIOUS AS A DEVELOPED PRODUCER, HE CLAIMED THEY WERE NO HELP AT ALL.

3. BRAZILIAN DELEGATION EXPECTED TO BE HEADED BY MINISTER OF INDUSTRY AND COMMERCE CALMON DE SA, WHO PROBABLY WILL ATTEND ONLY THE FIRST AND THIRD WEEK. DAUSTER AGREED SEPTEMBER

WAS LAST CHANCE FOR SOME TIME TO COME FOR AN INTERNATIONAL  
APPROACH.  
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## Message Attributes

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**Review Markings:**  
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